WILLIS JAPAN LIMITED
(Registered Number 1689758)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

Directors

MP Chitty
Willis Corporate Director Services Limited

Secretary

SK Bryant

Registered Office

51 Lime Street
London EC3M 7DQ

Auditors

Deloitte & Touche LLP
London

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

The Directors present their annual report, together with the audited financial statements, for the year ended 31 December 2007

Principal activities and review of developments

With the closure of its branch operation in Tokyo and the conclusion of various employee secondments the Company ceased to provide Japanese retail insurance, international insurance and reinsurance activities from the end of 2007 The Company now acts as a holding company and is a subsidiary of Willis Group Holdings Limited (the Group), which is one of the world's leading professional service providers of risk management solutions, risk transfer expertise through insurance and reinsurance broking, and related specialised consultancy services

The profit on ordinary activities after taxation amounted to £291,000 (2006 loss of £71,000)

The Directors do not anticipate any changes in the Company's position for the foreseeable future

No interim dividend was paid during the year (2006 £nil) The Directors do not recommend the payment of a final dividend (2006 £nil)

Enhanced Business Review

The Directors' Report is not required to include an enhanced business review Advantage has been taken of the provisions of s246 of the Companies Act 1985 (as amended)

Directors

The current Directors of the Company are shown on page 1, which forms part of this report There were no changes in Directors during the year or after the year end

Statement of Directors' responsibilities in relation to the financial statements

The Directors are responsible for preparing their annual report and the financial statements in accordance with applicable law and regulations for each financial year The Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of its profit or loss for that period In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable United Kingdom accounting standards have been followed, and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985 They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

Disclosure of information to auditors

Each current Director of the Company confirms that

- so far as he is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the Company's auditors are unaware, and
- he has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

Auditors

The Company has elected to dispense with the obligation to appoint auditors annually and, accordingly, Deloitte & Touche LLP shall be deemed to be re-appointed as auditors for a further term

By order of the Board

S K Bryant
Secretary
11 September 2008

51 Lime Street
London EC3M 7DQ

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WILLIS JAPAN LIMITED

We have audited the financial statements of Willis Japan Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Movement in Shareholders' Funds and the related notes 1 to 17 These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WILLIS JAPAN LIMITED (continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London
United Kingdom

15 September 2008

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	2007 £000	2006 £000
Turnover	2	**658**	2,986
Operating expenses		**(198)**	(3,088)
Operating profit/(loss) and profit/(loss) on ordinary activities before taxation	4	**460**	(102)
Tax (charge)/credit on profit/(loss) on ordinary activities	7	**(169)**	31
Profit/(loss) on ordinary activities after taxation		**291**	(71)

All activities derive from discontinued operations With effect from 2008 the Company's principal source of revenue will derive from income on its shares in subsidiary undertakings

RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2007

There are no recognised gains or losses in either 2007 or 2006 other than the profit /loss for those years

BALANCE SHEET AS AT 31 DECEMBER 2007

	Note	2007 £000	2006 £000
Fixed assets			
Investments	8	499	132
Current assets			
Debtors amounts falling due within one year	10	958	1,061
Deposits and cash		-	47
		958	1,108
Current liabilities			
Creditors amounts falling due within one year	12	(698)	(772)
Net current assets		260	336
Total assets less current liabilities		759	468
Creditors amounts falling due after more than one year	13	(460)	(460)
Net assets		299	8
Capital and reserves			
Called up share capital	14	1	1
Profit and loss account	15	298	7
Equity shareholders' funds		299	8

The financial statements were approved by the Board of Directors and authorised for issue on 11 September 2008 and signed on its behalf by

M Chitty

MP Chitty
Director

MOVEMENT IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDING 31 DECEMBER 2007

Movement in shareholders' funds	2007 £000	2006 £000
Profit/(loss) on ordinary activities after taxation	291	(71)
Net movement in shareholders' funds for the year	291	(71)
Shareholders' funds at beginning of year	8	79
Shareholders' funds at end of year	299	8

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

1. Accounting policies

Basis of preparation

The principal accounting policies are summarised below They have all been applied consistently throughout the year and the preceding year

The financial statements have been prepared

- under the historical cost convention, and
- in accordance with applicable law and accounting standards in the United Kingdom

Parent undertaking and controlling party

The Company's

- immediate parent company and controlling undertaking is Willis Faber Limited, and
- ultimate parent company is Willis Group Holdings Limited, a company incorporated in Bermuda

In accordance with Section 228A of the Companies Act 1985 (as amended), the Company is exempt from the requirement to produce group financial statements

The largest and smallest group in which the results of the Company are consolidated is Willis Group Holdings Limited, whose financial statements are available to members of the public from the Company Secretary, 51 Lime Street, London EC3M 7DQ

Revenue recognition

Turnover comprises fees receivable in respect of management services and recharges of expenses to other Group undertakings

Foreign currency translation

These financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the Company operates ('the functional currency')

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account

Fixed asset investments

Investments in subsidiaries are carried at cost less provision for impairment

Pension costs

On 30 September 2006 all Japan-based employees were transferred to Willis Japan Holdings KK, a Group company Willis Japan Limited has no ongoing obligations in respect to these employees The following policies describe how the pension schemes were accounted for during the period up to 30 September 2006

Japanese staff retirement allowance
Japan-based members of staff were entitled to a lump sum retirement allowance when they retire The cost of providing the retirement allowance was charged to the profit and loss account over the service life of the employees, and was based on the cumulative length of qualifying service of each employee

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

1. Accounting policies (continued)

Pension costs (continued)

UK staff pensions
UK employed members of staff whilst on secondment to overseas locations benefited from a Group defined benefits pension scheme The staff working for the Company were employed by Willis Limited, a fellow subsidiary undertaking of Willis Group Holdings Limited

Defined benefit scheme
The pension cost to the Company was based on the contribution rates assessed in accordance with the advice of professionally qualified actuaries using the projected unit credit method The pension contributions rates were based on pension costs across the Group's UK companies as a whole

Taxation

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more or less tax, at a future date, at rates expected to apply when they reverse based on current tax rates and law Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered Deferred tax assets and liabilities are not discounted

Cash flow statement

Under FRS1 'Cash flow statements' the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a consolidated cash flow statement is prepared at Group level

2. Turnover

The table below analyses the Company's fees by the accounting address of the client from whom the business was derived This does not necessarily reflect the original source or location of the business

Fees	2007 £000	2006 £000
United Kingdom	578	1,764
North America	80	74
Rest of the World	-	1,148
	658	2,986

United Kingdom and North America represents fees received from Group undertakings as reimbursement for services performed on their behalf The Rest of the World represents income derived from insurance activities in Japan which ceased in 2006

3. Disposal of business

On 30 September 2006 the Company sold its Japanese-based business and tangible fixed assets to its subsidiaries The business was transferred for nil consideration and the fixed assets were sold at book value

4. Operating profit/(loss)

	2007 £000	2006 £000
The operating profit/(loss) was arrived at after charging		
Depreciation on		
Leasehold property	-	6
Owned assets	-	12
Loss on disposal		
Fixed assets	-	4
Operating lease rentals		
Land and buildings	-	138

Auditors' remuneration of £2,600 (2006 £5,000) was borne by another Group company

5. Employee costs

	2007 £000	2006 £000
Salaries	**336**	2,132
Social security costs	**53**	262
Other pension costs	**15**	93
	404	2,487

Number of employees – average for the period	2007 Number	2006 Number
Producer	-	3
Client services	**2**	25
Management / administration services	**1**	7
	3	35

The average number of employees for 2006 included 32 employees based in Japan and was for the nine months to 30 September 2006

Certain members of staff who worked for the Company were employed by other subsidiary undertakings of Willis Group Holdings Limited The Company bore the cost of the salaries, social security payments and pension contributions relating to such staff and reimbursed the employing company for the full amount of the costs incurred, as shown above

6. Directors' remuneration

The Directors of the Company received no remuneration for services rendered to the Company during the year (2006 £nil)

7. Tax charge/(credit) on profit/(loss) on ordinary activities

	2007 £000	2006 £000
(a) Analysis of charge/(credit) for the year		
Current tax		
UK corporation tax on profit at 30% (2006 30%)	138	(136)
Adjustments in respect of prior periods	31	(2)
Foreign tax on profits for the year	-	2
Current tax charge/(credit) on profit/(loss) on ordinary activities (note 7(b))	169	(136)
Deferred tax		
Origination and reversal of timing differences	-	105
Total deferred tax (note 11)	-	105
Tax charge/(credit) on profit/(loss) on ordinary activities	169	(31)
(b) Factors affecting tax charge/ (credit) for the year		
The tax assessed for the year is higher than the standard rate of corporation tax in the UK (30%) The differences are explained below		
Profit/(loss) on ordinary activities before tax	460	(102)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 30%)	138	(31)
Effects of		
Movements in short term timing differences	-	(90)
Capital allowances for the year less than depreciation on qualifying assets	-	(15)
Foreign taxes	-	2
Adjustments to tax charge in respect of prior years	31	(2)
Current tax charge/(credit) for the year (note 7(a))	169	(136)

(c) Circumstances affecting current and future tax charges and credits

Following the Finance Act 2007, the UK corporation tax rate changed from 30% to 28% on 1 April 2008

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

8. Investments held as fixed assets

	Subsidiary undertaking £000
Cost	
1 January 2007	132
Additions	367
31 December 2007	499
Provisions	
1 January 2007 and 31 December 2007	-
Net book value 31 December 2007	**499**
Net book value 31 December 2006	132

During the year the Company invested a further £367,000 in its subsidiary Willis Japan Holding KK

9. Shares in subsidiary undertaking

The principal subsidiary undertaking at 31 December 2007 was

	Total capital and reserves as at 31 December 2007 £000	Profit/(loss) on ordinary activities after taxation for the year ended 31 December 2007 £000	Percentage of share capital held
Holding Company			
Willis Japan Holding KK	(292)	52	100%

The subsidiary undertaking has ordinary shares of 1 Japanese Yen each and is incorporated in Japan

The Company is exempt from the obligation to prepare group financial statements in accordance with Section 228A of the Companies Act 1985 (as amended) as the Company is a wholly-owned subsidiary of Willis Group Holdings Limited, in whose financial statements it is consolidated These financial statements relate to the Company only and not to its Group

In the opinion of the Directors, the value of the shares in the subsidiary undertakings is not less than the amount shown in the balance sheet

10. Debtors	2007 £000	2006 £000
Amounts falling due within one year		
Amounts owed by Group undertakings	932	279
Corporation tax	-	137
Other debtors	26	645
	958	1,061

11. Deferred tax	2007 £000	2006 £000
At 1 January	-	105
Deferred tax charge in profit and loss account (note 7(a))	-	(105)
At 31 December	-	-

12. Creditors: amounts falling due within one year	2007 £000	2006 £000
Amounts owed to Group undertakings	428	-
Corporation tax	138	-
Accruals and deferred income	132	772
	698	772

13 Creditors: amounts falling due after more than one year	2007 £000	2006 £000
Amounts owed to Group undertakings	460	460

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

14. Called up share capital	2007 Number	2006 Number
Authorised share capital		
Ordinary shares of £1 each	**1,000**	1,000

Allotted, issued and fully paid	2007 £000	2006 £000
1,000 (2006 1,000) ordinary shares of £1 each	**1**	1

15. Reserves and shareholders' capital	Share capital £000	Profit and loss account £000	Total £000
1 January 2007	1	7	8
Profit on ordinary activities after taxation	-	291	291
31 December 2007	1	298	299

16. Pensions

Defined Benefit Scheme

The Company is a member of the Willis Pension Scheme in the United Kingdom ("the Scheme"), which is funded externally and is of the defined benefit type The staff working for the Company are employed by Willis Limited, a fellow subsidiary undertaking of Willis Group Holdings Limited The pension cost to the Company is based on the contribution rates assessed in accordance with the advice of professionally qualified actuaries using the projected unit credit method The pension contributions rates are based on pension costs across the Group's UK companies as a whole

The most recent actuarial valuation of the Scheme was at 31 December 2004 The most recent actuarial valuation has been reviewed and updated as at 31 December 2007 to take account of the requirements of FRS17 "Retirement Benefits", in order to assess the liabilities of the Scheme at 31 December 2007

The Directors consider that the share of the Scheme's underlying assets and liabilities attributable to the Company's employees cannot be separately identified as several Group companies participate in the Scheme Accordingly all scheme assets and liabilities are included on the balance sheet of Willis Limited The Scheme showed an overall surplus after tax of $324 1 million (£163 7 million) at 31 December 2007 compared with an overall surplus after tax of $147 8 million (£75 4 million) at 31 December 2006 Company contribution rates decreased from 14 6% to 14 4% of pensionable earnings with effect from 1 January 2007 In addition, the Scheme contributions increased to the rate of 6% in 2007 and to the rate of 8% in 2008 for employed members

Full disclosures for the Scheme under FRS17 are included in the financial statements of Willis Limited

The Scheme was closed to new members from 1 January 2006

16. Pensions (continued)

Defined Contribution Scheme

The Scheme had no members during 2007 (2006 The pension cost charge for the year amounted to £1,356)

17. Related party transactions

FRS8 (paragraph 3(c)) exempts the reporting of transactions between Group companies in the financial statements of companies 90% or more of whose voting rights are controlled within the Group The Company has taken advantage of this exemption There are no other transactions requiring disclosure